

THE TORONTO STOCK EXCHANGE

FILING STATEMENT NO. 1504.
FILED, NOVEMBER 10th, 1966.

JONSMITH MINES LIMITED

Full corporate name of Company

Incorporated under the laws of the Province of Ontario by Letters Patent dated January
Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953 21, 1947
(Ontario) by Letters Patent dated May 1st, 1957). Reference is made to previous
Filing Statement No. 1244.

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things,
an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	(a) The Company proposes to grant to Noranda Exploration Company, Limited, 44 King Street West, Toronto, an option to purchase a group of 54 unpatented mining claims in Township 163, Sault Ste. Marie Mining Division, Ontario. (See item 19. hereof); (b) The Company proposes to enter into an underwriting and option agreement covering 750,000 shares of its capital stock as set out in item 6. hereof. (c) The staking of claims by the Company in the Provinces of Ontario and Quebec since January, 1965. (See item 20 hereof.																
2. Head office address and any other office address.	Suite 906, 357 Bay Street, Toronto 1, Ontario																
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	<table><tr><td>President & Director</td><td>E.C. MacLeod, 85 Lawrence Crescent, Toronto, Ontario. Prospector.</td></tr><tr><td>Vice-President and Director</td><td>A.B. Whitelaw, 11 Yorkleigh Avenue, Weston, Ontario. Solicitor.</td></tr><tr><td>Director</td><td>J. D. Hylton, 31 Alvin Avenue, Toronto 7, Ontario. Solicitor.</td></tr><tr><td>Secretary-Treasurer and Director</td><td>W. M. Macintosh, 5 Campbell Crescent, Willowdale, Ontario.</td></tr><tr><td>Director</td><td>J.R. Stratton, 16 Dale Avenue, Toronto, Ontario. Stockbroker</td></tr><tr><td>Director</td><td>Paul Doyon, 67 Patterson Street, Sudbury, Ontario. Prospector</td></tr><tr><td>Director</td><td>J.D. Streit, 3 Mildenhall Road, Toronto, Ontario. Stockbroker.</td></tr><tr><td>Assistant Secretary-Treasurer</td><td>T. B. Wrayton, 375 Brunswick Ave. Toronto Accountant</td></tr></table> <p>Mr. J. D. Hylton was elected a Director of the Company at the Annual Meeting of Shareholders held on June 24, 1965, to fill the vacancy on the board resulting from the death of Mr. C.H. Walker and Mr. A.B. Whitelaw was elected a Director of the Company at the Annual Meeting of Shareholders held on June 30, 1966, in place of Mr. J. M. Macintosh.</p>	President & Director	E.C. MacLeod, 85 Lawrence Crescent, Toronto, Ontario. Prospector.	Vice-President and Director	A.B. Whitelaw, 11 Yorkleigh Avenue, Weston, Ontario. Solicitor.	Director	J. D. Hylton, 31 Alvin Avenue, Toronto 7, Ontario. Solicitor.	Secretary-Treasurer and Director	W. M. Macintosh, 5 Campbell Crescent, Willowdale, Ontario.	Director	J.R. Stratton, 16 Dale Avenue, Toronto, Ontario. Stockbroker	Director	Paul Doyon, 67 Patterson Street, Sudbury, Ontario. Prospector	Director	J.D. Streit, 3 Mildenhall Road, Toronto, Ontario. Stockbroker.	Assistant Secretary-Treasurer	T. B. Wrayton, 375 Brunswick Ave. Toronto Accountant
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Assistant Secretary-Treasurer	T. B. Wrayton, 375 Brunswick Ave. Toronto Accountant																
4. Share capitalization showing authorized and issued and outstanding capital.	Authorized - 7,000,000 shares N.P.V. Issued and Outstanding- 5,900,000 shares																
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	None																
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	Subject to acceptance of this Filing Statement by the Toronto Stock Exchange, the company has entered into an underwriting and option agreement with A.E. Osler Company Limited (acting on its own behalf as to 25% and on behalf of its clients, Larum Mines Limited as to 8.33% and Glenburk Mines Limited as to 16.67%), Wills Bickle & Co. Limited (acting on behalf of Noranda Exploration Company, Limited as to 25%) and J. Bradley Streit & Company Limited (acting on its own behalf as to the remaining 25%) whereby the underwriters will purchase 400,000 shares of the capital stock of the Company at 15¢ per share and a further 100,000 shares at 20¢ per share forthwith upon the effective date, and will be granted an option to purchase an additional 250,000 shares at 25¢ per share within three months of the effective date. The effective date of the agreement will be the date on which this Filing Statement is accepted by the Toronto Stock Exchange. The option granted to Mr. E.C. MacLeod, President and Chief Executive Officer of the Company, to purchase all or any part of 200,000 treasury shares at 25¢ per share on or before the 22nd day of January, 1967, is still in effect.																
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	The interests of the various parties in the Underwriting and option agreement are as set out in item 6. above. Glenburk Mines Limited and Larum Mines Limited are public companies. Mr. E. C. MacLeod and Mr. A.B. Whitelaw, President and Vice-President respectively of the Company, are also directors of Glenburk Mines Limited and Larum Mines Limited. Noranda Exploration Company Limited, is a wholly owned subsidiary of Noranda Mines Limited. The persons having a greater than 5% interest in J. Bradley Streit & Company Limited are C. W. Streit, 88 Stratford Crescent, Toronto, Ontario and J. Douglas Streit, 99 Arjay crescent, Willowdale, Ontario. The persons having a greater than 5% interest in A.E. Osler Company Limited are - W. D. Dinnick, R.R.#2 Aurora, Ontario, S. S. Sharpe, 23 Glenallan Road, Toronto 12. R. C. Lauber, 44 Rochester Road, Toronto 12. M. R. Taylor, 109 Woodlawn Ave., Toronto 7.																
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None																

9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	<p>The Company carries on an aggressive exploration programme which during the nine month period ending September 30, 1966, resulted in an expenditure of approximately \$25,000. The Company employs three field men in this connection. It is intended to continue such a programme and to use a substantial part of the funds derived from the underwriting and from the exercise of the option on shares of the Company's capital stock referred to in item 6. hereof (if such option is, in fact, exercised) in this connection; to pay its share of expenses, amounting to \$8,000, on the mining claims in Township 163, referred to in item 19 hereof and for general corporate expenses, which during the nine months ending September 30, 1966 amounted to \$5,485.00. The extent of the Company's prospecting programme will depend upon the amount of moneys made available to it as aforesaid. However, it is expected that the said prospecting programme, together with such development work on its present properties as may be recommended by its Consulting Engineers, will cost in excess of \$100,000.</p> <p>The Company proposes to carry out further prospecting and trenching on the Huffman Township claims at a cost of approximately \$900 and, if results warrant, a diamond drilling programme at a cost of approximately \$20,000; further prospecting and trenching on the Greenlaw & Tooms Township claims at a cost of approximately \$1,500 and, if results warrant, a diamond drilling programme at a cost of approximately \$20,000; further prospecting and trenching on the Noble Township claims at a cost of approximately \$1,500 and, if results warrant, a diamond drilling programme at a cost of approximately \$20,000; and further prospecting in DeCaulle & Eisenhower Townships at a cost of approximately \$1,000 to be followed by a diamond drilling programme at a cost of approximately \$20,000, if warranted. Two of the Company's field men will be engaged during the next six months prospecting for additional claims at a cost of \$14,500.</p>		
10. Brief statement of company's chief development work during past year.	<p>During the past year the Company was engaged in prospecting and surface trenching in Amyot, Chapleau, Eisenhower, Huffman and Noble Townships and carried out geophysical work on its Godfrey Township and Jamieson Township claims. The cost of such work to the Company for the year ending December 31, 1965, amounted to \$134,390 and for the nine month period ending September 30, 1966, \$11,428. Reference is made to the Statement of Deferred Exploration, Development and Administration Charges, forming part of the financial statement as at September 31, 1966, filed herewith, for a break-down of the said sum of \$11,428. In addition, the sum of \$34,581 was spent by Falconbridge Nickel Mines Limited on the Company's Kenogaming Township claims under a working option agreement between the Company and Falconbridge Nickel Mines Limited dated June 15, 1965, which was allowed to lapse on June 15, 1966</p>		
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	Not applicable		
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	Not applicable		
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	None		
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	Not applicable		
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<p>Thomson Kernaghan & Co. Ltd.) 365 Bay Street, 816,368 Thomson Kernaghan & Co.) Toronto 691,425 A.E. Osler & Co. Ltd. 11 Jordan Street, Toronto Doherty Roadhouse & Co.) 335 Bay Street, Doherty Roadhouse & McQuaig Bros.) Toronto 370,206 James Richardson & Sons, 173 Portage Ave. Winnipeg. 330,650 Ross, Knowles & Co. Ltd. 105 Adelaide St. W. Toronto 213,006 Thomson Kernaghan & Co. Ltd. hold 100,000 shares for the account of Mr. E.C. MacLeod. The Company has no knowledge as to the beneficial ownership of the remaining shares referred to above.</p>		
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	No one person has shareholdings large enough to materially affect control of the Company. The management, however, through solicitation of proxies, might be said to be in a position to affect control.		
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	Shares	Cost or Book Value	Market Value
	92,000 Dunvegan Mines Limited	\$ 1.00	-
	13,891 Ego Mines Limited	1.00	\$4,862
	113,887 Kenlew Mines Limited	1.00	-
	6,500 Maralgo Mines Limited	1.00	-
	1,314,600 New Dominion Nickel Mines Limited	1.00	-
	100,000 Sporrnan Mines Limited	1.00	-
	41,136 Valhall Mines Limited	1.00	-
	\$4,000.00 Dominion of Canada 3½% June 1/76 Bonds	4,015.00	3,255
18. Brief statement of any lawsuits pending or in process against company or its properties.	None		

FINANCIAL STATEMENTS

(Unaudited)

JONSMITH MINES LIMITED

BALANCE SHEET

September 30, 1966

ASSETS

<u>Current Assets</u>	
Accounts receivable and prepaid expenses	
Advances to prospectors	
<u>Investments</u>	
Government of Canada Bonds 3 1/4% 1976, at cost (market value \$3,255)	\$4,015
Shares in other mining companies, at cost less amount written off (market value \$4,862)	6
Shares in subsidiary company New Dominion Nickel Mines Limited at nominal value (note 1)	1
Interest in prospecting ventures, at cost less amounts written off	
Mining claims, at cost	
Equipment, at cost	
Deferred exploration, development and administration charges	

Approved on behalf of the Board

Arthur J. ... Director

John ... Director

To the Directors of
JonSmith Mines Limited.

LIABILITIES

<u>Current Liabilities</u>		
Bank overdraft	\$ 825	\$ 352
Accounts payable and accrued expenses	3,500	1,101
<u>SHAREHOLDERS' EQUITY</u>		
<u>Capital Stock (Note 2)</u>		
<u>Authorized</u>		
7,000,000 shares of no par value		
<u>Issued</u>		\$1,329,763
5,900,000 shares	4,022	199,619
<u>Deficit</u>		
	928	
	143,893	
	9,052	
	<u>969,377</u>	
	<u>\$1,131,597</u>	
		<u>\$1,130,144</u>

The accompanying notes are an integral part of these financial statements.

ACCOUNTANTS' COMMENTS

The accompanying balance sheet of JonSmith Mines Limited as at September 30, 1966 and statements of deficit, deferred exploration, development and administration charges and source and application of funds for the period from December 31, 1965 to September 30, 1966 have been prepared by us from the books and records of the company and from information given to us. We did not perform an audit of the accounts and accordingly are not in a position to express an opinion on these financial statements.

Toronto, Ontario,
November 2, 1966.

Kellin Long
Chartered Accountants.

(Unaudited)

JONSMITH MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

September 30, 1966

1. The financial statements of New Dominion Nickel Mines Limited are not consolidated with those of Jonsmith Mines Limited because of the substantial minority interest amounting to approximately 33% and because the accounts of the subsidiary are not material in relation to those of the company.

The accounts of the subsidiary show neither profit nor loss for the period from December 31, 1965 to September 30, 1966 but the company's proportion of charges to deficit amounted to \$514 in the accounts of the subsidiary. The company's equity in the book value of the net assets of the subsidiary at September 30, 1966 was \$13,591.

Because the company's proportion of the losses of the subsidiary incurred since acquisition has exceeded the cost of the shares the investment has been written down to \$1.

2. Under an agreement dated February 8, 1965 Jonsmith Mines Limited was granted in consideration of the sum of \$1 an irrevocable option to acquire a 15% interest in 94 unpatented mining claims in Mann Township, Porcupine Mining Division, Ontario in consideration for 175,000 fully paid and non-assessable shares in the capital stock of Jonsmith Mines Limited.

(Unaudited)

JONSMITH MINES LIMITED

STATEMENT OF DEFICIT

Period From December 31, 1965 to September 30, 1966

Deficit, December 31, 1965		\$180,041
Deduct: Investment income		<u>65</u>
		\$179,976
Add: Amount written off shares in other mining companies	\$ 4,294	
Abandoned claims	3,602	
Exploration expenditures on abandoned claims	2,976	
General exploration	<u>8,771</u>	<u>19,643</u>
Deficit, September 30, 1966		<u>\$199,619</u>

(Unaudited)

JONSMITH MINES LIMITED

STATEMENT OF DEFERRED EXPLORATION DEVELOPMENT
AND ADMINISTRATION CHARGES

Period From December 31, 1965 to September 30, 1966

Exploration and Development

Amyot Township		
Surface trenching and general prospecting	\$ 496	
General	465	\$ 961
Chapleau Township		
Surface trenching and general prospecting	\$ 1,386	
General	920	2,306
Eisenhower Township		
Surface trenching and general prospecting	\$ 1,136	
General	831	1,967
Godfrey and Jamieson Townships		
Surveys		577
Huffman Township		
Surface trenching and general prospecting	\$ 633	
General	319	952
Noble Township		
Surface trenching and general prospecting	\$ 2,071	
General	398	2,469
Township 163		
Transportation	\$ 403	
General	491	894
Other Mining Claims		
Staking, recording, extension and abstract fees	\$ 503	
General	799	1,302
		\$ 11,428
Balance, December 31, 1965	\$828,142	
Less: Transferred to deficit	1,677	826,465
		\$837,893

Head Office and Administration

Accounting and secretarial	\$ 1,800	
Rent	360	
Telephone and telegraph	21	
Postage and stationery	86	
Advertising	63	
Share issue expenses	850	
Legal and audit	1,160	
Corporation taxes	146	
Bank charges	21	
Meetings and reports	850	
Office and general	128	
	\$ 5,485	
Balance, December 31, 1965	125,999	131,484
Total, per balance sheet		\$969,377

(Unaudited)

JONSMITH MINES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Period From December 31, 1965 to September 30, 1966

Source of Funds

Investment income	\$ 65
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Funds Applied

Exploration and development expenses	\$ 21,498	
Head office and administration expenses	5,485	
Acquisition of mining claims	3,990	30,973

Reduction in working capital	\$ 30,908
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Working capital, December 31, 1965	\$ 33,780
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Working capital, September 30, 1966	2,872
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Reduction in working capital	\$ 30,908
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ENGINEER'S REPORT

NOTE: The following are excerpts from a report by C.A. Burns, P.Eng., dated October 31st, 1966, on mining claims located in Township 163, Province of Ontario. A complete copy of this report is on file with the Toronto Stock Exchange.

INTRODUCTION

This report is written at the request of Mr. E.C. MacLeod, President of Jonsmith, for submission to the Toronto Stock Exchange.

The property comprises 54 contiguous mineral claims numbered SSM 83,083 to 83,100 and SSM 83,353 to 83,388 all inclusive recorded in September 1966. They are located in the southeastern corner of township 163, Sault Ste. Marie mining division, about fourteen miles northwesterly of Elliott Lake.

The claims were staked to protect a copper discovery made by Mr. P. Doyon at the southeastern end of the north arm of Ezma Lake.

Ezma Lake extends northwesterly through the center of the claim group.

The writer visited the property on October 25, 1966, examining the occurrences of copper at the southeastern end of Ezma Lake.

SUMMARY AND RECOMMENDATIONS

1. The property merits having more work done on it.
2. Chalcopyrite mineralization is exposed for 350 feet from northwest to southeast, which is the strike of adjacent limestone. The limestone dips gently southwestward. In trench "1", which is cut on a bearing of 034°A, copper in chalcopyrite occurs for 50 feet. The southerly end of the trench is unmineralized limestone, and the northern end goes into overburden which extends for more than 50 feet to outcrops of limestone.
3. The mineralized area in trench "1" contains the most chalcopyrite of any area blasted into. Chalcopyrite is disseminated and in stringers.
4. To the southeast, northeast, and southwest of trench "1" limestone outcrops. The lake is to the northwest; although for 250 feet northwesterly from trench "1" near the lake copper occurs in rocks similar to those in "1".
5. The mineralized rocks probably are altered arkose, with quartzite and feldspathic quartzite. Quartz and carbonate stringers cut the mineralized rocks. The mineralized zone is fractured, and silicified and in places carbonated.
6. Sedimentary formations on the claim group are shown on map P.304 of the Ontario Department of Mines to trend northwesterly to northerly. They are on the north limb of a regional syncline. Locally, at least, they are folded.
7. Further exploration could consist of prospecting, geological mapping, geophysics, geochemistry and diamond drilling.

During the winter some geophysics and diamond drilling might be done. A slight dip was obtained on a dip needle in places over the mineralized zone; so a detailed magnetometer survey might be done in the vicinity of the showings. Elsewhere on that part of the claims which is shown to be underlain by the Serpent formation, and on part of the underlying formation do a magnetometer survey on lines spaced 400 feet apart.

The mineralization should be picked up by induced polarization, but there is doubt of the usefulness of induced polarization on some lakes. Thus, the writer suggests that I.P. be tried experimentally on three lines northwest of trench "1". If mineralization is indicated check it with diamond drilling and continue the survey if mineralization is present. If no mineralization is indicated by the experimental I.P. abandon the survey, and diamond drill to check for the extension northwesterly from trench "1" for mineralization under the lake.

8. Next summer geological mapping, geochemical soil sampling, and prospecting might be done, but would depend partly upon results of work done this winter in the vicinity of trench "1".

9. If possible, it is recommended that additional ground be obtained in township 163, in the northeast of township 162 and the northwest of 156. The northeast part of township 162 now is a park.

10. The estimated cost of line cutting, magnetometer survey, experimental I.P. survey, assume that I.P. works then a full I.P. survey, and 2,000 feet of diamond drilling is \$36,000. This work would be done during the winter.

If results from the initial drilling are favourable, then more drilling and a much larger budget would be required during the winter.

The cost of work next summer, assuming negative results this winter, is estimated to be \$4,000.

* * *

RECOMMENDATIONS

Further exploration could consist of prospecting, geological mapping, geophysics, geochemistry and diamond drilling.

During the winter some geophysics and diamond drilling might be done. A slight dip was obtained on a dip needle in places over the mineralized zone; so a detailed magnetometer survey might be done in the vicinity of the showings. Elsewhere on that part of the claims which is shown to be underlain by the Serpent formation, and on part of the underlying formation do a magnetometer survey on lines spaced 400 feet apart.

The mineralization should be picked up by induced polarization, but there is doubt of the usefulness of induced polarization on some lakes. Thus, I suggest that I.P. be tried experimentally on three lines northwest of trench "1". If mineralization is indicated check it with diamond drilling and continue the survey. If no mineralization is indicated by the experimental I.P. abandon the survey, and diamond drill to check for the extension from trench "1" of mineralization northwesterly under the lake.

Next summer geological mapping, geochemical soil sampling, and prospecting might be done, but would depend partly upon results of work done this winter in the vicinity of trench "1"

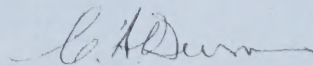
The estimated cost of line cutting, magnetometer survey, experimental I.P. survey, assume that I.P. works then a full I.P. survey, and 2,000 feet of diamond drilling initially is \$36,000. This work would be done during the winter.

Line cutting and magnetometer survey - - - -	\$2,300.
Experimental I.P. survey - - - - -	2,500.
Induced Polarization survey - - - - -	18,000.
Diamond Drilling, 2,000 ft. at \$5. with supervision - - - - -	10,000.
Sub total - - - - -	\$32,800.
Contingency 10% - - - - -	3,200.
Total - - - - -	\$36,000.

If results from the initial drilling are favourable, then more drilling and a much larger budget would be required during the winter.

The cost of work next summer, assuming negative results this winter is estimated to be \$4,000.

RINGSLEBEN AND BURNS



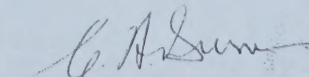
C. A. Burns

CERTIFICATE

I, C. A. Burns, Consulting Mining Geologist of the City of Toronto, in the Province of Ontario, hereby certify:

1. That I am a practising consulting Mining Geologist and reside in the City of Toronto, Province of Ontario.
2. That I am a graduate in Geological Engineering of the University of British Columbia and Queen's and have been practising my profession for more than 18 years.
3. That I am a member of the Association of Professional Engineers of the Province of Ontario.
4. That I have no direct or indirect interest, nor do I expect to receive any interest directly or indirectly in the property or securities of Jonsmith Mines Limited.
5. That this report on Jonsmith Mines Limited property in township 163, Sault Ste. Marie mining division, is based on geological map P.304 of the Ontario Department of Mines, and on a personal examination of the copper showings at Ezma Lake.

RINGSLEBEN AND BURNS



C. A. Burns

Toronto, Ontario.
October 31, 1966.

19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.

Subject to acceptance of a Filing Statement by the Toronto Stock Exchange, the Company has entered into an agreement with Noranda Exploration Company, Limited, 44 King Street West, Toronto, (hereinafter referred to as "Noranda") whereby Noranda will have the option to purchase from the Company 54 unpatented mining claims situate in Township 163, Sault Ste. Marie Mining Division, in the Province of Ontario, recorded as SSM - 83353 to 83388 inclusive and SSM - 83083 to 83100 inclusive. The said option may be exercised on or before May 1, 1968, and the terms of the agreement are as follows: The Company is to obtain permission from the Toronto Stock Exchange to sell 400,000 of its shares at 15¢ per share and a further 100,000 at 20¢ per share, with an option to the Underwriters to purchase an additional 250,000 shares within three months at 25¢ per share. Should such permission be given, Noranda undertakes to purchase 25% of the 500,000 shares to be firmly underwritten and 25% of the optioned shares. The parties have agreed to spend a minimum of \$20,000 on the property of which the Company will pay \$8,000 and Noranda \$12,000. In order to keep the option in good standing Noranda will be required to expend a total of \$300,000 on the property as follows:- the sum of \$20,000 forthwith (of which \$8,000 will be provided by the Company, as set out above); \$20,000 on or before May 1, 1967; \$20,000 on or before August 1, 1967; \$20,000 on or before November 1, 1967; \$20,000 on or before February 1, 1968 and \$20,000 on or before May 1, 1968; any excess expenditure will apply to the succeeding periods and in the event a total of \$300,000 is not expended on the property, the balance remaining will be paid into the treasury of a new company to be formed to acquire the said property. Should Noranda exercise its option to acquire the said claims it will incorporate a new company with a 4,000,000 share capital to acquire same and cause the new company to issue 1,000,000 shares as consideration, 400,000 of which will be issued to the Company and the remainder to Noranda as compensation for its expenditures on the property. It is further agreed that if the new company is incorporated it will grant to Noranda and Jonsmith an option to purchase 2,000,000 shares of its capital stock as follows:

By Jonsmith: 200,000 shares of the new Company at 1¢ per share within 3 months of incorporation; 200,000 shares at 1¢ within 9 months of incorporation; 200,000 shares at 1¢ within 15 months of incorporation; and 200,000 shares at 1¢ within 21 months of incorporation;
By Noranda: 300,000 shares at \$1 within 3 months of incorporation; 300,000 shares at \$1 within 9 months of incorporation; 300,000 shares at \$1 within 15 months of incorporation; and 300,000 shares at \$1 within 21 months of incorporation.

It is also agreed that Jonsmith will grant to Noranda an option to purchase 300,000 shares of the new company at \$1.00 per share to be exercised within two years of incorporation of the new company. Should Noranda desire to bring the property into production it will undertake to arrange financing up to a total of \$12,500,000 which will include all expenditures on the property by the new company. Should financing in excess of the said \$12,500,000 be required Jonsmith will participate to the extent of 30% and Noranda to the extent of 70% and Noranda will have first refusal on all or any part of the additional financing that Jonsmith does not take up.

20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.

Since January, 1965, the Company acquired by staking, the following mining claims in the Provinces of Ontario and Quebec:

18 claims in Amyot & Browning Townships, Ontario;
26 claims in Edwards Township, Ontario,
38 claims in Dasserat Township, P.Q.
13 claims in Huffman Township, Ontario
15 claims in Greenlaw & Tooms Townships, Ontario,
2 claims in Desrosier Township, Ontario,
9 claims in Chester Township, Ontario
15 claims in Mann Township, Ontario
16 claims in Noble Township, Ontario
72 claims in DeGaulle & Eisenhower Townships, Ontario
54 claims in Township 163, Ontario.

The results of prospecting work on the Edwards, Desrosier, Chester and Mann Township claims were insufficient to warrant any further expenditure and same were allowed to lapse on their expiry dates. The Dasserat Township claims will be allowed to lapse on November 25, 1966.

The 54 unpatented mining claims in Township 163, Sault Ste. Marie Mining Division, are optioned to Noranda Exploration Company, Limited, as set out in item 19. above.

The other mining claims referred to herein are being maintained in good standing.

The shares of the Company are not presently in the course of primary distribution to the public. However, when the underwritten shares referred to in item 6. hereof are taken up the shares of the Company will then be in the course of primary distribution. There are no other material facts.

DATED November 8th 1966

CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

JONSMITH MINES LIMITED

"A.B. Whitelaw"

CORPORATE

SEAL

Director

"W.M. Macintosh"

Director

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

A.E. Osler Company Limited

Wills Bickle & Co. Limited

per:

"C.G. Sissons"

per:

"P.K. Willan"

"S.G. Sharpe"

J. BRADLEY STREET & COMPANY LIMITED "C.W. Street"

"R.C. Lauber"

per "J.D. Street"

Per